

S E C R E T  
(When Filled In)

25 OCT 1967

TO : NPI C

ATTENTION:

SUBJECT :

[Redacted Box]

1. It is requested that each item on the attached Audit Report regarding nonexpendable Government property purchased by the Contractor under the subject Contract and/or Task Order be reviewed for the following categories of purchase:

- a. Whether incorporated or will be incorporated in the end item.
- b. Whether it is of such a special nature that the Contractor is not reasonably expected to possess it.
- c. The purchase is disallowed by the Contracting Officer because it is not necessary for the performance of the subject Contract and/or Task Order.
- d. The purchase is disallowed by the Contracting Officer because the Contractor should possess this item in the normal course of his business.

2. Please indicate in the margin of the Audit Report the appropriate category of purchase (a, b, c or d) for each item or nonexpendable property.

3. Please sign and date your reply.

4. An expeditious return of the attached Audit Report with the appropriate category markings will be appreciated.

[Redacted Box]  
CONTRACT ADMINISTRATOR

25X1

Distribution:

Orig - Addressee  
1 - CAS

Declass Review by NGA.

OL/PD/CA&SB/CAS/ C SS

[Redacted Box]

S E C R E T  
(When Filled In)

**Page Denied**

DS

10/47

2

11/2/67

[Redacted]

Yes, we still have a requirement for a viewer - printer. Would prefer the 3004 you are developing - primarily due to the potential "early" delivery date. If you decide not to continue this project, however, we'll probably purchase a 3002 at a later date (with class 31 funds).

TE

Requirement from IAS

25X1

March 21, 68

[Redacted]

3002 (air mail)  
3004 (NPIC)

Delivery  
7 mo.  
4-5 mo.

[Redacted]

D R A F T  
24 October 1967

Attachment No. 2

Historical Data for Project #10147, PI Print Enlarger  
Project 9618

8 September 1966. [ ] submitted Technical Proposal, [ ] 66-3557-1.  
Total price quoted was [ ] based on a fixed price contract.

January 1967. [ ] reported an increase in overhead and G&A rates  
and quoted a fixed price of [ ]

27 February 1967. Contract [ ] was executed with a target  
cost and target fee totalling [ ] Included were seven items  
as an addendum to the Contractor's proposal. This contract was a  
cost-plus-incentive-fee type. The period of performance was to be  
from 27 February to 27 September 1967. The fee was subject to a  
90-10 share on all costs over or under target costs.

13 April 1967. [ ] submitted its first monthly report for the period  
of 28 February to 31 March. More than 10% of the work was reported  
as complete with a proportionate amount of funds being spent.

18 April 1967. By this date, layout drawings 92208-124100, J-124577,  
and J-124578 were completed by [ ] At this point, areas requiring  
extensive design efforts should have been identified.

~~8.~~ 21 April 1967. The Contracting Officer's technical representative,

[redacted] to discuss the project

[redacted] Many technical details were discussed but [redacted]

expressed no concern over the difficulty of their solution.

~~7.~~ 12 May 1967. [redacted]

[redacted] reported on his progress on the PI Print Enlarger. Technical areas were again discussed.

~~8.~~ 12 May 1967. [redacted] second monthly report was sent covering the month of April. Design of the condenser lenses was reported about 90% complete. Drive design was 50% complete, frame 100%, vacuum platen 90%, paper transport 50%. [redacted] requested revision of exposure time from "less than one second" to "five to two second range."

~~9.~~ 20 June 1967. The third monthly report was sent covering the month of May. Condenser lens design was reported as complete. Electrical parts were being ordered. Circuit drawings were being prepared.

~~10.~~ July 1967. [redacted] that the June monthly report was nearly complete, but that there was a delay by the accounting department in completing the status of funds. Mr.

[redacted] gave no indication at this time that there would be any overrun.

~~11.~~ Week of 24 July 1967. [redacted] called to report an

anticipated overrun of approximately [redacted]

*of an overrun status.*

~~12.~~ 11 August 1967. [redacted]

[redacted] intent was to review every <sup>drawing</sup> detail, if necessary to determine where costs might be reduced. However, nearly all of the design was reported as complete and most of the parts were ordered.

13/ 14 September 1967. [ ] delivered a cost analysis to the Government. An overrun of [ ] was predicted. 25X1 25X1

One of the items reported as contributing to the overrun was the cost of the condenser assembly. It was estimated as [ ] while the actual price was [ ] Why this could not have been predicted three or four months sooner was not explained. The July and August monthly reports were also delivered at this time. 25X1

14/ 27 September 1967. Government personnel visited [ ] to discuss the project. [ ] presented several reasons for the PI Print Enlarger overrun. However, the reasons indicated were under [ ] control for several months. If the overruns could not have been 25X1 25X1

prevented, they should have been obvious before the contract was negotiated. [ ] *was requested to absorb their overrun costs and present a new cost proposal -* 25X1

15/ 12 October 1967. [ ] delivered a revised analysis of costs for the project. Included in this analysis was a copy of the third monthly report. Page 5 *of that report* indicates that there was a [ ] overrun estimated on 26 May. This information has been changed and does not agree with the third monthly report previously delivered to the Government. The latter report *had* predicted no overrun. The analysis also indicates 600 hours of engineering, design, and drafting to be completed. This information does not conform with information gathered at the 11 August meeting. 25X1

SEC. CL.		ORIGIN		CONTROL NO.	
S		TDS/DS		D-1053-67	
DATE OF DOC	DATE REC'D	DATE OUT	SUSPENSE DATE	CROSS REFERENCE OR POINT OF FILING	
3 Oct 67					
TO	The Record			ROUTING	DATE SENT
FROM	[Redacted]			Ch/SSB	10/10/67
SUBJ.	Overrun on Project #10197, View-graph Maker [Redacted]			Ch/DS	
	[Redacted] and Project #10147, PI Print Enlarger [Redacted]			D/Ch/DS	
				return	
				for filing	
COURT NO.	ANSWERED	NO REPLY			2

25X1

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Approved For Release 2006/11/27 : CIA-RDP78B04770A002700020012-9

FROM	[REDACTED]			DATE
TO		INITIALS	DATE	REMARKS
DIR				
DEP/DIR	3	(10/12)	10/12	
EXEC/DIR				
TECH ADV	2	(10/13)	10/13	
SPECIAL ASST	1	(10/14)	10/14	
CH/SS	5	(10/14)	10/14	
ASST FOR P&M	4	(10/14)	10/14	
ASST FOR OPS				
ASST FOR PA				
ASST FOR TD	6	(10/14)	10/14	
CH/CSD				
CH/IPD				
CH/PD				
CH/PSD				
CH/TID				
CH/IAS/DDI				
CH/DIA/XX-4				
CH/DIA/AP-IP				
CH/SPAD				
LO/CGS/CIA				
LO/NSA				

Anticipated overrun on two [REDACTED] projects - Note 3 Oct Memo & return - for your info only of this time

Total overrun of both [REDACTED] out of 1967 funds.

25X1

25X1